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THE

# Demand and Price

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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## SUMMARY

The domestic economy continues near record high levels although work stoppages have reduced production in some industries. Steel output has largely recovered from the effects of reduced coal supplies. The flow of consumer income available for spending is greater than ever before as a result of high employment, advancing wage rates and the recent reduction in income taxes.

Prices received by farmers remain very high although somewhat below the January record. Prices of industrial goods continue to advance. The retail price level in urban and rural communities is close to the previous peak established last January.

United States merchandise exports, particularly of agricultural products, have declined from the 1947 record level. The value of agricultural exports in the first quarter of 1948 was lower than in any quarter of 1947 and about 13 percent below the 1947 quarterly average. The European Recovery Program will tend to support agricultural exports during the remainder of 1948 but may not maintain them at first quarter levels.

### Commodity highlights

Prices of livestock are low relative to meat prices and are expected to advance. Domestic and export demand for dairy products continue strong. Turkey prices are expected to be at record levels next season, partly a result of one-fifth fewer turkeys to be raised this year. If weather continues favorable, prices of wheat and corn will move down seasonally with the new crops. Large Government purchases of potatoes may be necessary in June and July to keep prices from falling below support levels. The United Kingdom, the largest foreign customer for flu-cured tobacco, has resumed purchase of tobacco.



## ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base Period	1947			1948		
		Year	Mar.	Jan.	Feb.	Mar.	Apr.
Industrial production 1/	1935-39						
Total.....	= 100	187	190	193	194	192	187
All manufactures.....	do.	194	198	200	201	200	194
Durable goods.....	do.	220	225	229	226	229	217
Nondurable goods.....	do.	172	175	177	180	177	176
Minerals.....	do.	149	148	154	155	142	147
Construction activity 1/	1935-39						
Contracts, total.....	= 100	274	230	333	326	315	
Contracts, residential.....	do.	348	316	373	373	363	
Wholesale prices 2/	1926=						
All commodities.....	100	152	150	166	161	161	163
All commodities except farm and food.....	do.	135	131	148	148	148	148
Farm products.....	do.	181	183	199	185	186	187
Food.....	do.	169	168	180	172	174	177
Prices received and paid by farmers 3/	1910-14 = 100						
Prices received, all prod.....	do.	278	280	307	279	283	291
Prices paid, int. & taxes..	do.	231	226	251	248	247	249
Parity ratio.....	do.	120	124	122	112	115	117
Consumers' price 5/6/	1935-39						
Total.....	= 100	159	156	169	168	167	169
Food.....	do.	194	190	210	205	202	208
Nonfood.....	do.	140	138	146	147	147	
Income							
Nonagricultural payments	Bil.dol.	174.8	168.8	184.8	184.1	185.6	
Income of industrial workers 3/	1935-39 = 100	323	313	349	346	352	
Factory payrolls 5/	do.	345	334	372	367	371	
Weekly earnings of factory workers 5/							
All manufacturing.....	Dollars	49.26	47.69	52.14	51.83	52.25	
Durable goods.....	do.	52.47	50.30	55.62	54.97	55.77	
Nondurable goods.....	do.	45.87	44.89	48.43	48.53	48.53	
Employment							
Total civilian 7/	Millions	58.0	56.1	57.1	57.1	57.3	58.3
Nonagricultural 7/	do.	49.8	48.8	50.1	50.4	50.5	50.9
Agricultural 7/	do.	8.3	7.2	7.1	6.8	6.8	7.4
Government finance (Fed.) 8/	Mil.dol.						
Receipts, net.....	do.	3,665	5,701	4,275	4,336	6,334	2,806
Expenditures.....	do.	3,462	3,598	2,879	2,402	3,546	3,109

Annual data for the years 1929-47 appear on page 17 of the March 1948 issue of the Demand and Price Situation.

Sources: 1/Federal Reserve Board, converted to 1935-39 base. 2/U. S. Dept. of Labor, BLS. 3/U. S. Dept. of Agriculture, BAE, To convert prices received and prices paid, interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 5/U. S. Dept. of Labor, BLS. 6/Consumers' price index for moderate-income families in large cities. 7/U. S. Dept. of Commerce, Bureau of the Census. 8/U. S. Dept. of Treasury. Data for 1947 are on average monthly basis.

## OUTPUT AND EMPLOYMENT

Industrial production declined moderately in April because of sharply curtailed operations in the steel and bituminous coal industries and slight declines in activity in textiles and other soft goods industries. The index of total production in April was 187 (1935-39=100), 5 points below March and 7 points below the peacetime high of February.

Reduced output in the steel, automobile and lumber industries accounted for almost all of the decline in the index of total durable goods production which was 12 points below the peacetime high of 229 in March. Steel output in April declined 15 percent as a result of reduced supplies of coal; motor vehicle production declined slightly because of shutdowns for model changeovers; and lumber output declined 9 percent from March due to work stoppages on the West Coast. Steel output began to recover in late April, however, and by mid-May operations were scheduled at 95 percent of capacity compared with 71 percent in Mid-April. Production in most other durable goods industries remained at the high levels of the previous months.

Slight declines in several nondurable goods industries, notably textiles, chemical and rubber products, and continued curtailment of meat-packing brought the level of nondurable goods output down to 176 in April. This was 1 point below March and 4 points below the record of February.

Total output of minerals during April was still less than it was before the strike in the bituminous coal mines. Coal output was extremely low during the first 2 weeks of the month but increased sharply in late April following settlement of the industrial dispute.

The value of total construction in the first quarter of 1949 was at a seasonally adjusted annual rate of 15 billion dollars, compared with last year's total of 12.8 billions. The value of all new construction during the period was 25 percent above that for the first quarter of 1947, but physical volume was up only 7 percent.

A total of 164,000 new family dwelling units were started in the first quarter of 1948, 15 percent more than the number started in the first quarter of a year earlier.

Total civilian employment in April increased to 58.3 million persons, about 1 million more than in March. A seasonal increase in agricultural employment accounted for most of the rise, although nonagricultural employment also increased slightly. The number unemployed in April declined to 2.2 million persons about 200,000 fewer than in March. Total civilian employment in April was 1.6 millions greater than in April 1947.

## INCOME AND RELATED FACTORS

Total personal income in March was at a seasonally adjusted annual rate of 208.5 billion dollars, about .8 billions greater than in February, 17.9 billions greater than in March, 1947, but 2.9 billions below the record of January. However, the current level of consumer income available for spending is higher than ever before because of the recent reduction in income taxes. Increases during March were largely in nonagricultural proprietors' income and in transfer payments. The latter reflected a rise in the rate of bonus payments to veterans under the New York State bonus program. These increases, however, were partly offset by a decline in



agricultural income, which resulted from a greater than seasonal decline in meat-animal marketings.

Income from salaries and wages, which accounted for 61 percent of total personal income in March, remained at the February level of 127.1 billion dollars, 1 billion below the record of January but 10 billions above March a year earlier. Since a high level of employment is in prospect for the rest of this year and little change is indicated in the length of the work week, changes in salary and wage receipts during the next year will be largely determined by changes in hourly wage rates. Renegotiations of labor contracts are now going on in several basic industries, notably steel, automobiles, and electrical equipment. Since early 1946, settlements in these industries have tended to establish patterns of wage rate increases for manufacturing as a whole although among individual industries increases have varied considerably. Settlements in these basic industries have also influenced labor contracts in non-manufacturing concerns.

The "first round" pattern established in February, 1946 called for an increase in hourly rates of 18 1/2 cents an hour. Average hourly earnings in all manufacturing industries rose steadily the next year. By the spring of 1947, average hourly earnings in all manufacturing industries combined had increased almost 18 cents. The annual rate of salary and wage receipts in the economy as a whole had increased about 14 billion dollars.

In April 1947, the "second round" established a pattern of a 12 1/2 cents an hour increase. By March 1948, average hourly earnings in manufacturing had increased approximately 11 cents with the annual rate of salary and wages up about 10 billion dollars. The "pattern" that may come out of current negotiations will have an important bearing on the size of salary and wage receipts in the next year. The recent General Motors settlement provided for an increase of 11 cents an hour, which if widely adopted, would result in a somewhat smaller increase in salaries and wages this year than last.

The seasonally adjusted dollar volume of department store sales increased sharply in April, reflecting favorable shopping weather and special post-Easter sales. The index in April rose to 299 (1935-39=100), 5 percent above March and the average for the first quarter, and 7 percent above April a year earlier.

Total consumer credit outstanding at the end of the first quarter of 1948 amounted to 13.4 billion dollars, about 3 billions greater than a year ago and about the same as the previous high of last December. The expansion in total credit continued to reflect increasing indebtedness resulting from sales of automobiles and from instalment loans. Outstanding sale credit on automobiles at the end of March was about 9 percent greater than a month earlier and almost twice as large as a year ago. Personal instalment-loans increased 3 percent over February and were about 34 percent above a year ago.

#### COMMODITY PRICES

The general level of commodity prices has increased slightly since the February decline in some commodities. The BLS index of wholesale prices in April and early May was 163 (1926=100), up 1 percent from February and 10 percent above April 1947, but about 2 percent below the

record of January. Wholesale prices of farm products were down 6 percent from January, foods down about 2 percent, but prices of industrial commodities were up slightly. In view of prospects for some increases in wage rates and for additional defense expenditures which would particularly affect industry, prices of industrial goods are likely to continue their steady advance which amounted to 13 percent in the last year.

The BAE index of prices received by farmers in mid-May was 289. (1909-14=100), 1 percent below April but 6 percent above May, 1947. Truck crops were down 23 percent from April, partly a seasonal movement. Most other groups declined moderately. Prices received by farmers on May 15 are compared with the previous month and with May, 1947 in table 1.

Table 1. - Group indexes of prices received by farmers  
May 15, 1948, with comparisons  
(August 1909 - July 1914=100)

Group	May 15, 1948	April 15, 1948	May 15, 1947	Percentage change from April 15, May 15, 1948 1947	
Food grains	261	268	276	- 3	- 5
Feed grains and hay	282	291	218	- 3	+ 29
Cotton	284	275	270	+ 3	+ 5
Tobacco	370	371	390	1/	- 5
Oil-bearing crops	357	351	326	+ 2	+ 10
Fruit	141	142	222	- 1	- 36
Truck crops	262	340	286	- 23	- 8
All crops	267	276	268	- 3	1/
Meat animals	361	347	327	+ 4	+ 10
Dairy products	291	296	241	- 2	+ 21
Poultry and eggs	211	214	203	- 1	+ 4
Livestock and products	309	304	275	+ 2	+ 12
Crops and livestock and products	289	291	272	- 1	+ 6

1/ Less than one-half percent decline.

Prices received for crops in May averaged almost the same as a year ago. Feed grains and hay were 29 percent above a year ago, although still 11 percent below last January's peak. Fruit prices were 36 percent below May last year, due to larger supplies in May this year and reduced exports. Livestock and livestock products in May were up 12 percent over a year earlier, with dairy product prices up 21 percent.

The BAE index of prices paid by farmers for commodities, interest and taxes in May was 250 (1910-14=100) up 1 point from April and only 1 point below the January record. Compared with May 1947, the index was up 10 percent. The parity ratio - the index of prices received by farmers divided by the index of prices paid, including interest and taxes - was 116, 1 point below the ratio in April and 3 points below a year earlier.



The BLS index of urban consumer prices was 169 (1935-39=100) in April, up 2 points from March and slightly above the previous high in January. Food costs moved up from April to May and the index in May probably was at a new record high, about 9 per cent above May 1947.

### AGRICULTURAL EXPORTS

United States exports of all merchandise have receded from the record level of 1947. The value of all merchandise exported in the first quarter of 1948 was lower than in any quarter of 1947 and 8 percent below the quarterly average for the year. Compared with the 1946 quarterly average, however, merchandise exports in the first quarter of 1948 were still more than a third greater.

United States exports of agricultural products (including Army exports to foreign civilians) in the first quarter of 1948, also were lower than in any quarter of last year and about 13 percent below the 1947 quarterly average. The first quarter exports were 3 percent below the 1946 average, but four and one-half times the quarterly average in 1935-39. Most of the increases from prewar years was due to sharply higher prices but the quantity of agricultural exports also was substantially higher.

Table 2. - Value of United States exports of agricultural products in specified periods 1/

(Millions of dollars)					
	: Cotton	: Tobacco	: Other	: Foods	: Total
	: including	: unmanu-	: non-	: 2/	
	: linters	: factured	: foods		
1935-39	:	:	:	:	:
Quarterly average:	80	32	7	68	187
1946	:	:	:	:	:
Quarterly average:	134	88	35	626	883
1947	:	:	:	:	:
1st. quarter	169	93	49	760	1,071
2nd. quarter	137	53	43	805	1,038
3rd. quarter	33	52	69	763	917
4th. quarter	84	72	12	737	905
Quarterly average:	106	68	43	766	983
1948	:	:	:	:	:
1st. quarter	122	40	44	653	859

1/ In 1946-48, data include exports by the Army for the supply of foreign civilians.

2/ Does not include fish and other non-agricultural foods.

Total agricultural exports in January-March, 1948 were valued at 859 million dollars. Food exports, valued at 653 million dollars or three-fourths of the total, were down 15 percent from the 1947 average quarterly value. Cotton exports were up 15 percent. Exports of tobacco were down 40 percent, mainly because of the continuing dollar shortage in England, the principal foreign market.



Exports in January-March did not include any goods financed under the European Recovery Program since funds for that program were not available prior to April 3 of this year. Even with the European Recovery Program, however, agricultural exports for the remainder of the year may not be maintained at the first quarter rate, if present crop prospects abroad materialize. Exports of bread grains, which accounted for about one-third of total agricultural exports last year, may be considerably reduced when the new crop is harvested. However, export prospects for cotton, tobacco and fruit have improved as a result of the European Recovery Program.

#### FARM INCOME

In the first 5 months of 1948, farmers received about 10.4 billion dollars from marketings, 4 percent more than last year. Declines in marketings of both crops and livestock from last year have been generally offset by higher prices.

Total receipts from livestock and products from January through May were 6.6 billion dollars, slightly more than in 1947. Cash receipts from meat animals during this period were almost as large as last year. Prices averaged higher and marketings were down less than 10 percent, despite the packinghouse strike that began in March. Slaughter has been fairly well maintained during the strike by an increase in the volume handled by independent plants. Numbers of all types of meat animals on farms on January 1 were down from a year earlier, and some reduction in marketings was to be expected in any case.

Although milk production during the first 5 months of 1948 was a little below last year, cash receipts from dairy products were nearly 10 percent higher because of higher prices. Milk cow numbers were down, but production per cow was about as high as last year. Prices of dairy products for the first 5 months averaged about 13 percent above a year earlier. Receipts from poultry and eggs have also been running above last year because of higher prices.

Crop receipts for the first 5 months of the year totaled about 7 percent greater than in 1947. Crop marketings as a whole were lower than last year, particularly for corn and tobacco. Cotton marketings were up, however, and the general average of crop prices has been higher. In May, farmers realized about 2 billion dollars from the sale of their products. Both livestock and crops were about the same as in April. Receipts from meat animals continued below last year, with slaughter of cattle and lambs down. Prices of meat animals, however, averaged higher than in May 1947. Dairy receipts in May were up seasonally, and higher prices accounted for a moderate gain over last year. Receipts from fruits and vegetables were higher than in April, despite lower prices, but cotton and tobacco were down.

#### LIVESTOCK AND MEAT

Wholesale lamb prices were the highest of record in early May while beef prices were at or near a record. But wholesale pork prices were lower than late last year and in January although they increased in March and April.

During April and early May, wholesale meat prices were generally high relative to prices of hogs, cattle, and lambs. Loss of slaughter capacity during the packing strike reduced demand for slaughter livestock, while meat prices were strengthened by the reduction in supply. But prices

of meat animals rose relative to meat prices in late May when the major packers resumed operations.

Prices of livestock are expected to improve further relative to meat prices. Livestock prices will also reflect seasonal changes in supplies. Hog prices are likely to rise more than usual this summer since a rather marked drop in marketings is expected. Prices of fed cattle are expected to rise seasonally. Prices of grass-fat cattle may decline, but not as much as they usually do. Prices of lambs are likely to decline from current high levels as marketings from the 1948 crop increase. Meat prices may show some seasonal gain during the summer.

Meat production in 1948 probably will total around 10 percent less than the 23.4 billion pounds produced in 1947. This would be the smallest since 1941 but greater than in any earlier year. Production of each class of meat is expected to be smaller in 1948 than in 1947 but most of the reduction will be in beef.

Commercial meat production in the first quarter of 1948 was around 8 percent less than in the first quarter of 1947. Despite the packinghouse strike which began in mid-March, meat output in the second quarter of 1948 probably will show only a little larger decrease from a year earlier than the first quarter. During the third quarter, meat production is expected to continue around 10 percent less than a year earlier and may be about the same as in the third quarter of 1946 when it was the lowest in recent years. Summer and fall marketings of fed cattle and hogs are expected to be relatively small because relatively few cattle are now on feed for market and because marketings of hogs may be delayed if 1948 feed crops are average or better. Meat output is expected to rise less than usual from the third to the fourth quarters this year, chiefly because of smaller hog slaughter from this year's reduced spring pig crop.

Meat supplies are expected to reach the lowest level of the year in the third quarter. At that time per capita consumption may average around 2 pounds less than the 35.8 pounds consumed during July-September 1947. It will be about equal, however, to consumption in that quarter of 1945 and 1946. During October-December, supplies of meat per person may be as much as 4 to 5 pounds less than the 40.8 pounds consumed in the same quarter of 1947 and will be the smallest for the quarter since 1942.

#### DAIRY PRODUCTS

Prices received for sales of milk and butterfat in mid-May averaged higher than in any previous May. The milk price was higher by 24 percent and butterfat by 32 percent. Prices are likely to continue averaging higher than last year, at least through the third quarter. If farmers plant as many acres of feed grains as their reports of intentions in March indicated and if yields are about average, the relationship between dairy prices and feed prices in the last half of 1948 would be more favorable to producers than in the last half of 1947. Thus far in 1948, dairy products-feed price ratios have been about one-tenth below last year.

Milk production during the second half of 1948 may be somewhat below the same period of 1947. With fluid milk and cream consumption remaining about the same, substantially less milk will be available for production of manufactured dairy products. The into-storage movement of manu-



factured products is running below last year. Accordingly, supplies of manufactured products later in 1948 will be moderately less than a year earlier. With domestic demand continuing strong and exports of manufactured products large, particularly evaporated milk and cheese, prices of manufactured products will average substantially higher than last year.

#### POULTRY AND EGGS

The USDA announced an egg-price support program early in May after egg prices had declined about 10 percent from mid-April levels when farmers were receiving 42.6 cents per dozen, or 95 percent of parity. Prices received by farmers on May 15 averaged 41.5 cents per dozen, 90 percent of parity. Egg prices are likely to continue near support levels, but because of a higher parity index supports will be higher than last year through at least the third quarter.

Egg production during the second half of 1948 will be about 5 percent below the second half of 1947. However, substantially larger stocks of shell eggs will be available from cold storage, so that domestic supplies will be only slightly smaller.

Turkey growers are raising about one-fifth fewer turkeys than last year. With high meat prices and smaller supplies of red meat and chicken than in 1947, turkey prices during the marketing season probably will be at least 10 percent above 1947, and a record.

Broiler marketings for the next month or two will be about 10 percent larger than in the same months of last year. Broiler prices are not likely to decline much before the end of the third quarter. Even if they decline, however, the relationship between broiler prices and feed prices is likely to be more favorable than last year.

#### FATS, OILS, AND OILSEEDS

The wide differences among fat-and-oil prices that prevailed in May probably will be narrowed by increased production of cottonseed oil and seasonally reduced supplies of lard and greases this summer and by substitution of lower-priced fats for the more expensive ones. Consumers and bakers will tend to shift for the time being from vegetable-oil shortenings to lard. Soapmakers will tend to reduce the percentage of coconut oil used in their products and to increase the percentage of tallow and grease.

Prices of crude cottonseed, corn, and peanut oils in May averaged around 35 cents per pound and were near the records reached in March 1947. Crude soybean-oil averaged about 26 cents per pound. The price of lard averaged about 23 cents per pound. The average difference since October 1946 between the price of crude cottonseed oil and lard has been 3 cents per pound. Prices for inedible tallow and greases during most of May were 13 cents per pound, only 1 cent above the lowest since removal of price ceilings in October 1946.

Prices of edible and soap fats and oils in May averaged about 15 percent above 1947. In the rest of 1948, prices of these fats are likely to average higher than in 1947 unless yields per acre from 1948 oil crops are unusually large.

Prices of linseed and other drying oils in May were slightly lower



than a month earlier and were about 15 percent below the 1947 average. Supplies of these oils in the rest of 1948 probably will be at least as large as a year earlier. Prices probably will continue under the 1947 level. Linseed-oil prices in mid-May were less than 1 cent above the support level of 26.7 cents per pound.

The price of No. 2 yellow soybeans at country shipping points in the Chicago area in May fluctuated around \$4.00 per bushel. This was moderately higher than in April and was near the January 1948 peak. The index of prices received by farmers for oilseeds in mid-May was 357 (1909-14=100) compared with 351 a month earlier and with the record of 377 reached last January.

Tentative international allocations for 1948, recommended in early January by the International Emergency Food Committee, indicate a reduction in imports of industrial fats and oils into the United States. Exports of food fats in 1948 also will be less than in 1947, on the basis of the tentative allocations. The chief reductions in imports would be about 200 million pounds in coconut oil and oil equivalent of copra and about 100 million pounds in linseed oil and oil equivalent of flaxseed. United States requirements for imported linseed oil are sharply reduced this year as a result of the large 1947 domestic crop of flaxseed and the large acreage planned for the 1948 crop.

#### CORN AND OTHER FEED

The course of feed grain prices during the next several months will be determined largely by prospects for the 1948 crops. Prospects for feed grains so far this season are much better than in the early months of 1947. Favorable weather this summer and fall probably would result in at least the usual decline in prices of oats and barley this summer and more than the usual drop in corn prices next fall. In this event, feed prices in the last quarter of 1948 probably will be considerably lower in relation to prices of livestock and livestock products than now.

During the past 3 months, feed grain prices received by farmers have been fairly stable at around one-third higher than a year earlier. Feed grain prices continue high in relation to prices of most of the by-product feeds, especially high protein feeds.

The feed requirements of livestock during the remainder of 1948 and into 1949 are expected to continue smaller than in recent years. Livestock numbers and production have been declining since 1944 and will be reduced further in 1948 as a result of the small feed supply and the unfavorable livestock-feed price ratios. The pig crop this year is expected to be smaller than in 1947. Twenty-five percent fewer cattle were on feed April 1 this year than last, fewer chickens are being raised in 1948, and dairy cows are being fed less concentrates than a year ago.

It is estimated that total sales of corn by farmers from the 1947 crop will be 517 million bushels, about 38 percent below the quantity sold in 1946-47 and 15 percent smaller than the 1937-46 average. On the other hand, sales of oats, barley and sorghum grains this year are above average.

Planting and early growth of feed grains have made satisfactory progress this spring in most sections of the country. Pastures are generally

in better than average condition and another large hay crop is in prospect. Present indications are that the hay supply per animal unit will be near or above the supply per animal for 1947-48 which was a record.

#### WHEAT

The outlook for production and exports indicates that wheat prices are expected to average well above the loan level in the 1948-49 marketing year. If the parity price as of July 1 is the same as the \$2.21 in mid-May, the average loan rate to growers on the new crop at 90 percent would be about \$1.99. The loan price for No. 2 Hard Winter at Kansas City would be about \$2.22. Cash prices are currently about 10 cents above the loan rate.

Export quotas for wheat and flour (in wheat equivalent) for the 12 months ending June 30, 1946 (including unshipped quantities from June 1947 allocations) now total 480 million bushels. The Government portion of this total, 374 million bushels, has already been purchased. Wheat also must be procured for operating stocks and for shipment in July, although part of this will be from the new crop.

Winter wheat production is now forecast at 845 million bushels, only 15 million less than on April 1. The first official estimate of spring wheat production is not available until June 10 but if yields on the prospective acreage are average, 272 million bushels would be produced. A total wheat crop of 1,117 million bushels would be third highest in history, but 248 million bushels less than the 1,365 million bushels produced in 1947 and 36 million bushels less than the 1,153 million in 1946.

A crop of 1,117 million bushels, and a domestic use next year of about 775 million bushels would provide about 340 million bushels for export in 1948-49 or for addition to carry-over July 1, 1949. Exports, including those for the European Recovery Program, are expected to be at least 300 million bushels. Even though crop prospects in many importing countries indicate a much larger crop than the small 1947 harvest, import requirements in relation to our supplies are expected to continue large.

Wheat disappearance in the United States for the year ending June 30 may total about 1,275 million bushels, made up approximately as follows: food 500, feed 200, seed 90, exports 482 and shipments to Territories 4. With total supplies of 1,449 million bushels (stocks July 1, 1947 of 84 and production of 1,365), a carry-over of about 175 million bushels is indicated for July 1. The 200-million bushel figure for feed includes an allowance of 60 million in the April-June quarter. The total for the first 9 months was slightly above 140 million bushels.

#### FRUIT

Prices for most fruits in June, are expected to continue lower than last June, partly because of the large supplies for this time of the year. But later in the summer, prices probably will be about as high as in the summer of 1947, because of prospective smaller production.

With larger-than-usual supplies of winter oranges and grapefruit remaining to be marketed after mid-May, prices at country shipping points and at terminal wholesale markets are expected to continue low in June.



Prices for these two fruits have been unusually low for the last six months despite the extremely large quantities taken by processors. Higher prices seem likely for summer oranges with supplies consisting almost entirely of California Valencias coming from a crop about one-fifth smaller than in 1947. Supplies of fresh grapefruit will be seasonally low in summer, and will consist almost entirely of California summer grapefruit. Grapefruit prices probably will be higher than in this spring. Prices for lemons are expected to increase more than seasonally this summer, with the crops about one-tenth smaller than last year.

Grower prices for strawberries probably will decline seasonally in June to a level slightly lower than in June 1947. The late spring crop, which is marketed mostly in June, is 8 percent larger than that of 1947 and the entire 1948 crop is 3 percent larger than the 1947 crop.

Prices growers will receive for peaches in June and July are expected to be higher than those of a year earlier. During these two months, supplies will come mostly from the 10 early Southern States. The 1948 crop of 15 million bushels is about one-third smaller than the 1947 crop. In contrast, prices for the much larger crop of apricots this year probably will be somewhat lower than prices last June and July. Early season prices for other 1948 crop deciduous fruits probably will be near the levels of a year earlier.

#### COMMERCIAL TRUCK CROPS

##### For Fresh Market

Prices received by farmers for most commercial truck crops produced for fresh market are falling seasonally, with the general level near that of a year earlier. Total production of 21 truck crops for spring marketing is estimated to be 6 percent less than in 1947, but 12 percent more than the 10-year average. Because of very large spring crops of green peppers and eggplant, prices received by farmers for these crops are considerably lower than a year earlier. The opposite is true for beets, carrots and green peas. Of the 7 spring crops contributing the largest tonnage to spring supplies, production is considerably smaller than last year for lettuce, slightly smaller for asparagus, tomatoes, and watermelons, but slightly larger for cabbage (including cabbage for kraut), celery, and onions. The combined acreage of 5 summer crops for which estimates have been made to date apparently will be about 9 percent smaller than last year, with a sharp reduction in watermelon acreage more than offsetting 4 to 9 percent increases for summer cabbage and onions, and for early summer cantaloups and green peppers.

##### For Commercial Processing

If processors late-April plans are carried out, the acreage of green lima beans for processing planted this year will be 6 percent larger than was planted in 1947 and a record. Most of the planned increase is in acreage to be planted for freezing. With average abandonment and average yields, the tonnage that would be produced on such an acreage would be moderately less than last year's tonnage but considerably above average. Cold-storage holdings of frozen green lima beans this April 1 were 15 percent larger than a year earlier, and a record for that date, although only about half as large as the seasonal peak in frozen holdings last November. Green lima beans are one of the most popular of the frozen vegetables but the rapid rise in pack and stocks since the war suggests that in time some price reductions may be necessary to stimulate further increases in consumption.



## POTATOES AND SWEETPOTATOES

Prices received by farmers for potatoes in June are expected to fall somewhat more than seasonally, as the movement of new potatoes reaches its peak and remaining old potatoes are moved out or discarded. Most of the potatoes shipped in June will be from California, where the commercial early crop this year is one-fifth larger than last year. Large Government purchases probably will be necessary in June and July to keep prices from falling below support levels. Prices will be higher than a year earlier because of the higher level of support required by the rise in the parity index since last year. The United States average price received by farmers for potatoes has been equivalent to parity or higher in each of the first 5 months of this year.

Prices to growers for 1947-crop sweetpotatoes were well above 90 percent of parity through virtually the entire season and at the end were considerably above parity because of the short supplies. Sweetpotatoes will be generally unavailable in northern markets from now until late July or early August when the new crop probably will begin moving in some volume. Unless farmers plant a considerably larger acreage of sweetpotatoes than their March intentions indicated, the crop this year is almost sure to be smaller than last year's small crop, which would mean another season of relatively high prices for sweetpotatoes.

## COTTON

The price of Middling 15/16" cotton in the ten spot markets averaged 37.75 cents per pound on May 28 compared with 37.78 cents per pound on the same date in April. Premiums for grades higher than Middling 15/16" in staple were unchanged during the month, while premiums for staple lengths longer than 15/16" of Middling grades narrowed further during the same period.

Discounts for staple lengths shorter than 15/16" of Middling grade widened considerably during May as well as discounts for lower grades.

Sales reported in the ten spot markets for the first 4 weeks of May totaled 180,000 bales compared with approximately 461,000 bales for the same period in April and 230,500 bales for the comparable period last year.

Mill consumption during April was 830,000 bales, bringing total mill consumption for the first 9 months of the season to 7,131,000 bales compared with 7,810,000 bales for the same period of the 1946-47 season.

Exports for March totaled 261,000 bales compared with 163,000 bales in February and 383,000 bales for March 1947. Exports for the first 8 months of the current marketing season totaled 1,326,000 bales compared with 2,634,000 bales in the same period a year previous.

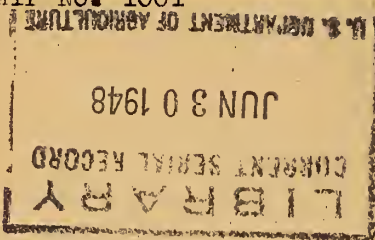
## WOOL

Prices of wool in foreign markets, particularly of the finer grades, continued to rise during the first 3 weeks in May. This was reflected in Boston quotations for imported wool in bond. For the week ending May 21, Australian Good top-making wool was quoted at \$1.82 per pound, clean basis, 45 cents above the February peak and 58 cents above the low level reached during the sharp decline early in March.

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Reports from sections where shearing is now in progress indicate that dealers are paying considerably above CCC purchase prices for average and good combing fine and half-blood wools. Consequently, most of these wools will be marketed outside the CCC Program this year.

Imports for consumption of apparel wool (dutiable) were 169 million pounds (actual weight basis) during the first three months following the reduction in the duty on January 1, an increase of 10 percent over the same period in 1947. Imports for consumption of apparel and carpet wool combined totaled 275 million pounds (actual weight basis) during the period January-March as compared with 197 million pounds a year ago.

Consumption of apparel wool totaled 135.3 million pounds, scoured basis, during the first quarter of 1948, according to preliminary Bureau of the Census figures. Average weekly mill consumption during this period exceeded the fourth quarter 1947 average by 11.8 percent but was 9.6 percent below the rate for the same period in 1947.

TOBACCO

Demand for Maryland tobacco is continuing fairly strong with prices during the first 3 weeks of auction sales averaging 43.1 cents per pound. Early auction marketings last year brought higher prices and averaged 44.7 cents per pound for the season. The 1947 crop now being marketed is estimated to be 17 percent smaller than last year, but total supplies are a little larger due to larger stocks. The 1948 crop is expected to be moderately below that of 1947 although above prewar.

Flue-cured demand is expected to be strong in the season ahead. Large quantities of the 1947 crop placed under Government loan have been sold. The United Kingdom, the largest foreign customer of flue-cured, has resumed purchases of tobacco in the United States after halting all tobacco buying last October. The 1948 flue-cured crop will be considerably smaller than in 1947 because of the smaller acreage allotments. The 1948 support price for flue-cured will be higher than last year because parity prices have risen. Most flue-cured goes into cigarettes. High personal income during 1948 will keep cigarette consumption at peak levels. Export demand for tobacco is expected to improve as the European Recovery Program gets under way.

The estimated production of cigarettes in April was 35 billion, 15 percent above last April. Cigarette production in January and February was below a year ago but the March-April spurt raised the total for the first 4 months of this year 3 percent above the same period of 1947. Cigar consumption as indicated by April tax-paid withdrawals was up 8 percent from last April and for January-April, slightly exceeded the same period of 1947. Tax-paid withdrawals of chewing and smoking during January-April were 3 percent higher than a year ago while snuff was up 14 percent.